

Message Text

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62

ACTION EUR-25

INFO OCT-01 STR-08 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 TRSE-00 LAB-06 SIL-01 OMB-01 SSO-00 NSCE-00

INRE-00 USIE-00 PRS-01 PA-04 L-03 SS-20 NSC-10 AGR-20

DRC-01 /166 W

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O R 271945Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6513

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 1240

E.O. 11652: GDS

TAGS: ETRD, EC, US, GATT

SUBJECT: SCENARIO FOR ARTICLE XXVI:6 SETTLEMENT

REF: STATE 38539

1. BEGIN SUMMARY: SOAMES TOLD AMBASSADOR GREENWALD THAT THE SCENARIO AS WE PRESENTED IT (PARAGRAPH 1 REFTTEL) WAS CORRECT EXCEPT THAT IN HIS ORAL PRESENTATION AT THE MARCH 4-5 COUNCIL MEETING, HE WILL NOT ASK FOR "AUTHORIZATION." SOAMES RE-ACTED VERY NEGATIVELY TO THE IDEA OF APPROACHES IN CAPITALS
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PRIOR TO THE MARCH 4-5 MEETING. WELLENSTEIN WILL REPORT TO

THE PERM REPS FEB. 28 THAT SOAMES HAS TOLD US THAT THE US RIGHT TO WITHDRAW DOES NOT, SO FAR AS THE EC IS CONCERNED, END ON JUNE 30. END SUMMARY.

2. AMBASSADOR GREENWALD PRESENTED ON FEBRUARY 27 TO SIR CHRISTOPHER SOAMES, WELLENSTEIN AND HANNAY THE TEXT CONTAINED IN PARAGRAPH 1 REFTEL. SOAMES RESPONDED THAT THE TEXT WAS IN GENERAL AN ACCURATE DESCRIPTION BUT HIS TACTICAL JUDGMENT WAS THAT IT WOULD BE A MISTAKE TO TRY FOR "AUTHORIZATION TO RESUME NEGOTIATIONS." HE FEELS HE ALREADY HAS FORMAL AUTHORIZATION TO ACT AS THE COMMUNITY NEGOTIATOR ALTHOUGH THE COMMISSION'S MANDATE, DOES NOT OF COURSE ALLOW ANY FURTHER CONCESSIONS. SOAMES DOES NOT BELIEVE THAT HE WOULD BE SUCCESSFUL IN ASKING THAT THE MARCH 4-5 COUNCIL CHANGE THE MANDATE TO ALLOW THE COMMISSION TO MAKE FURTHER CONCESSIONS. ONE MEMBER STATE COULD BLOCK SUCH A MOVE. CONSEQUENTLY HE BELIEVES THAT HIS BEST TACTIC IS TO PRESENT A FACTUAL WRITTEN REPORT TO THE COUNCIL ON MARCH 4/5 GIVING THE REACTIONS TO THE EC OFFER. IN HIS ORAL STATEMENT, SOAMES WILL USE SOME FORM OF WORDS, SUCH AS "THE COMMISSION WILL CONTINUE TO CARRY OUTS ITS RESPONSIBILITIES." FURTHER DISCUSSION WILL DEPEND ON THE COMMENTS IN THE COUNCIL. SOAMES' OBJECTIVE IS TO LEAVE THE MEETING WITH THE FEELING THAT HE CAN SAFELY INVITE THE US NEGOTIATOR TO COME TO BRUSSELS TO TRY TO WORK OUT A MUTUALLY-ACCEPTABLE PACKAGE WHICH HE COULD PUT TO THE APRIL COUNCIL AS A GUARANTEED END OF THE ARTICLE XXIV:6 NEGOTIATIONS.

3. SOAMES REPEATED THAT HE COULD NOT GUARANTEE THAT HIS TACTICS WOULD WORK BUT THEY PRESENT THE ONLY POSSIBILITY THAT HE NOW SEES. HE ALSO CAUTIONED THAT HE HOPED THAT HE WAS NOT RAISING FALSE HOPES ABOUT THE AMOUNT OF IMPROVEMENT THAT THE COMMUNITY COULD MAKE TO ITS CURRENT OFFER.

4. IN REGARD TO THE SIX MONTHS TIME LIMIT IN ARTICLE XXVIII, WELLENSTEIN ARGUED THAT THE COMMISSION BELIEVES THE SIX-MONTH PERIOD WOULD BEGIN ONLY WHEN THE NEGOTIATIONS HAVE FAILED. HE SAID THE UNITED STATES WOULD MAKE A MISTAKE IN CONCENTRATING TOO MUCH ON THE SIX-MONTH PERIOD BEGINNING

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AT THE TIME OF THE TARIFF INCREASES, PARTICULARLY SINCE FOR GRAINS THAT PERIOD BEGAN ON FEBRUARY 1, 1972. THE COMMISSION BELIEVES THAT THE BETTER INTERPRETATION IS TO CONCENTRATE ON THE SIX-MONTH PERIOD WHICH WOULD BEGIN WHEN THE NEGOTIATIONS HAD FAILED. THE NEGOTIATIONS ARE STILL VERY MUCH ALIVE AND THAT SIX-MONTH PERIOD HAS NOT YET BEGUN TO RUN. WELLENSTEIN SAID HE WOULD INVESTIGATE FURTHER OUR REFERENCE TO THE WYNDHAM WHITE STATEMENT

(PARA. 3, REFTEL).

5. IN ADDITION TO THE DIFFERENT INTERPRETATION OF THE TIMING REQUIREMENTS OF ARTICLE XXVIII, SOAMES FEARED THAT A TOO FORMALISTIC APPROACH WOULD RAISE DIFFICULTIES IN THE COUNCIL. THEREFORE HE PROPOSED THAT WELLENSTEIN REPORT TO THE COMMITTEE OF PERMANENT REPRESENTATIVES FEBRUARY 28 THAT THE COMMISSION HAS INFORMED THE US ON THE BASIS OF ADVICE FROM THE ARTICLE 113 COMMITTEE, THAT THE COMMUNITY WILL NOT RAISE PROCEDURAL OBJECTIONS OVER A US DELAY BEYOND JUNE 30 IN POSSIBLE WITHDRAWALS. SOAMES SAID THAT HE WOULD CONSIDER WHETHER IT WAS NECESSARY TO REPEAT THIS TO THE MARCH COUNCIL.

6. SOAMES MADE A VERY STRONG PLEA THAT THE UNITED STATES MAKE NO APPROACHES IN CAPITALS PRIOR TO THE MARCH 4-5 MEETING. HE SAID THAT SUCH APPROACHES COULD BE FATEL, USING AS AN EXAMPLE THE SENSIBILITIES ABOUT THE WORD "AUTHORIZATION." WRONG TERMINOLOGY ON A POINT LIKE THAT COULD, IN THE COMMUNITY CONTEXT, CAUSE STRONG NEGATIVE EFFECTS, PARTICULARLY IN PARIS. SOAMES' TACTICS ARE TO PRODUCE A QUIET COUNCIL MEETING WITH AS FEW INTERVENTIONS AS POSSIBLE. HE ASKED THAT THE UNITED STATES LEAVE THE MATTER IN HIS HANDS FOR THE MOMENT. IF HIS TACTICS ON MARCH 4 AND 5 ARE SUCCESSFUL, WHEN THE COMMISSION AND THE US ARE, LATER, DISCUSSING SPECIFIC PRODUCTS WE MAY AGREE ON APPROACHES IN CAPITALS. SUCH INTERVENTIONS MAY BE APPROPRIATE BEFORE THE APRIL COUNCIL SESSION WHERE SOAMES WILL, IF THE NEGOTIATIONS ARE SUCCESSFUL, BE PUTTING TWO OPTIONS TO THE MEMBER STATES: (1) FAILURE TO REACH AGREEMENT WITH CONSEQUENT WITHDRAWALS, OR (2) AGREEMENT WHICH US HAD ACCEPTED.

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7. IN RESPONSE TO AMBASSADOR GREENWALD'S COMMENT THAT THE GERMAN CHAIRMAN SHOULD CERTAINLY BE IN ON THE SCENARIO, SOAMES SAID HE HAD AN APPOINTMENT TO SEE GERMAN PERMANENT REPRESENTATIVE LEBSANFT ON ARTICLE XXIV:6 RIGHT AFTER OUR MEETING. HE WOULD ASK LEBSANFT TO REPORT TO SCHEEL ON BOTH THE SCENARIO AND
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